LC Discounting in India: What Every Small Business Owner Must Know

You shipped the goods. Documents are clean. The buyer's bank has issued the LC. And now you wait — sixty days, sometimes ninety — while your supplier needs payment this week, salaries go out Friday, and a new order just landed that you want to take but the cash position won't stretch. This is not a cash flow crisis. It is a timing problem. And timing problems have practical solutions.

What Your LC Is Actually Worth Right Now

Most business owners understand what a letter of credit does — the buyer's bank guarantees payment once shipment documents are correctly submitted. What fewer owners use is what that bank-backed guarantee is worth before the maturity date arrives. That confirmed LC is not just a payment promise. It is a financial instrument with real value today. LC discounting in India converts it into working capital immediately. You submit your documents to Growmax Fintech, they verify them, and you receive up to 90% of the invoice value within 24 to 48 hours. The buyer's bank still settles on the original maturity date — just to Growmax instead of directly to you. You have already received your funds and moved forward.

Not Just for Large Exporters

There is a common assumption that LC discounting belongs to large export houses with treasury teams and established bank relationships. That assumption is outdated. The security comes from the LC itself — not your property, personal assets, or credit history. The bank guarantee is the collateral. A well-run small business with clean LC documentation can access the same liquidity tool that large corporations have relied on for years. For manufacturers and traders across Tamil Nadu, Gujarat, and Maharashtra — where 60-to-90-day buyer payment terms are simply the norm — this distinction matters enormously.

How It Works in Four Steps

Ship your goods and prepare the required documents — bill of lading, commercial invoice, packing list, and anything specified in your LC terms. Submit those documents to Growmax Fintech for quick verification. Receive up to 90% of the LC value within 24 to 48 hours. On

the original maturity date, the buyer's bank settles the full LC amount. Your buyer relationship stays completely intact. No collateral pledged. No long-term debt created. No disruption to your trade terms.

The Real Cost of Waiting

Framing LC discounting purely as a financing fee misses the bigger picture. The honest question is what waiting actually costs your business. Capital locked inside an unpaid LC for 90 days means suppliers paid late, new orders declined, short-term borrowing at higher rates, or personal savings drawn down — all of which cost more than a discounting fee. LC discounting is not a borrowing cost. It is the cost of operating at your actual capacity rather than a constrained version of it.

LC vs Non-LC — Which Applies to Your Business

Not every buyer pays through a letter of credit. Many domestic and some export transactions run on open account terms without a bank guarantee behind them. For those situations, non-LC invoice discounting is evaluated differently — based on buyer credibility and trade relationship rather than a bank-backed instrument. Growmax works across both, so businesses with a mixed receivables portfolio can manage LC and non-LC transactions within one financing relationship without juggling multiple partners.

For Export SMEs: The Bigger Connection

If your business ships internationally — to the Middle East, Southeast Asia, or Africa — LC discounting connects directly into a broader export finance strategy. Export bill discounting in India follows the same principle: convert confirmed receivables into immediate working capital so the next shipment gets executed without waiting on the last one. For SMEs growing export volumes, this is the difference between confidently accepting the next order and having to pass because the previous LC hasn't matured yet.

Why Growmax Works Differently

Banks offer LC discounting — but internal approval timelines, documentation layers, and relationship dependency make the experience very different from a fintech built specifically for SME trade finance. Growmax structures approvals around trade flow and document quality. Funding within 24 to 48 hours is the standard, not the exception. As an Associate Member of CODISSIA and nominated for India's 5000 Best MSME Awards 2024, Growmax Fintech is built around how Indian manufacturers and exporters actually operate — not around how traditional lenders prefer to process files.

When to Start

If your buyers pay through letters of credit and you are managing the wait as a normal part of operations, it is worth understanding what that trapped capital could be doing in the meantime. A new large order you cannot execute until a previous LC matures. A procurement cycle that starts before your collection cycle closes. Export volumes you want to grow but

receivables are holding you back. Any one of these is reason enough. Talk to Growmax Fintech — it starts with a conversation, not a stack of forms.

Frequently Asked Questions

What is LC discounting in India? LC discounting is a trade finance tool where a business submits its letter of credit documents to a financing partner and receives up to 90% of the invoice value in advance — before the buyer's bank settles on the maturity date.

Do I need collateral for LC discounting? No. The letter of credit itself acts as security. No property or personal guarantee is required when the LC is bank-issued and documents are in order.

How fast does Growmax Fintech release funds? Growmax processes verified LC documents and releases funds within 24 to 48 hours.

Does LC discounting work for domestic transactions too? Yes. It works for both export and domestic transactions where the buyer's bank has issued a letter of credit as the payment instrument.

Tags: LC Discounting India, Letter of Credit Discounting for SMEs, Invoice Discounting India, Working Capital for Small Business, Trade Finance India, MSME Finance India, Export Finance SMEs, Bill Discounting India, Cash Flow Solutions MSME, LC Bill Discounting Process, Growmax Fintech, Working Capital Without Collateral, Invoice Financing India, SME Trade Finance Coimbatore, MSME Working Capital Tamil Nadu